

CFTC Ex. 52

Message

From: Jim Donelson [jdonelson@longleaftrading.com]
Sent: 2/22/2018 9:23:44 AM
To: Nicholas Gunther [ngunther@longleaftrading.com]; Connor Campo [ccampo@longleaftrading.com]; James Hatzigiannis [jhatziannis@longleaftrading.com]; Scott Gecas [sgecas@longleaftrading.com]; Andrew Nelson [anelson@longleaftrading.com]; Alexander Stemper [astemper@longleaftrading.com]; Shawn Mooney [smooney@longleaftrading.com]; Brian Adams [badams@longleaftrading.com]; Ryan Dillman [rdillman@longleaftrading.com]
Subject: Letter to Customers
Attachments: CEO Comments.docx

Attached is a letter being sent this morning to all customers. Please read and be prepared to discuss with clients if they have questions.





Long Leaf Trading Update

Over the past few months, Long Leaf Trading Group has been restructuring the operations to assure better execution and improved customer service. The critical aspects of this transformation are the hiring of a new CEO, Jim Donelson, addition of Scott Gecas to head our Trade desk and experienced brokers to drive these changes. These changes were necessary and are on-going as we focus our systems and processes on developing improved transparency in our customer reporting and make our trading more flexibility to varying market conditions.

Jim Donelson has over 30 years of business experience including 10 years of financial and business development experience at two of the largest proprietary trading companies. Jim also has experience as in pensions and industrial manufacturing financial management. His focus has been on aligning our processes to meet specific targets and goals as it relates to customer service and reporting. In addition, he is working closely with Scott Gecas on redesigning the trading processes to provide improved returns and improved transparency. He is also focused on improving reporting on the outcomes of the trades monthly with a quarterly summary of results. An example of this was last months' trade recap which outlined the trades and the underlying rationale behind the trades.

Scott Gecas has multiple years of experience in options trading and sales management. He regularly is a guest on financial networks like Bloomberg, RFD-TV and Sky News to explain the markets and the key drivers of changes inherent in those markets. Scott and Jim share in the development of the monthly trades and management of the trades after they are made. Scott will also provide leadership to the experienced brokerage team.

Over the past months, we have implemented the following changes:

- Staffing upgrades needed to execute the strategy as envisioned
- Realignment of trading to reflect current market realities
- Revamping the back office to provide seamless customer support and focused expertise

We are constantly reviewing both the efficiency and effectiveness of our processes. We understand that processes are either improving or getting worse. After reviewing last month's trading, we will be changing our exit process as more volatile markets made for timing issues with approval to exit and the ability to exit. Below is an example of the trade recommendation we will be sending this month which includes an approval to exit at or above a specific price which would be our targeted maximum loss. By receiving this early, we can more actively managing the trading cycle.



Example:

Recommendation #1: US T-Bond Volatility Swap

Underlying Future: US T-Bond June Future

Buy	Sell	Max Gain/Loss	Target Gain	Target Max Loss	Expiration
US1H8 141 PUT	ZBJ8 140 PUT	1,348.40	1,011.30	(236.00)	Front Leg: 3/2/2018
US1H8 144 CALL	ZBJ8 145 CALL	(674.20)	1'01 OB	15 OB	Back Leg: 3/23/2018

Trade Approval

Order: -35 OB Good until Cancel

Exit: 15 OB Good until Cancel

The trade approval of the exit gives us the ability to react in more volatile market conditions which also can interfere with market execution in times of high stress. We learned this the hard way last month with markets moving at a very high velocity and our exit request and approval process timing did not address this in our customer's best interest. We will continue to refine this process to assure that we can manage risk more effectively and efficiently.

We appreciate your business and are working on all aspects of our service to assure that you achieve your investment goals.